

Public Law 91-295

AN ACT

To provide a special milk program for children.

June 30, 1970
[H. R. 5554]

Child Nutrition
Act of 1966,
amendment.
80 Stat. 885.
42 USC 1772.

“United
States.”

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3 of the Child Nutrition Act of 1966 is amended to read as follows:

“SEC. 3. There is hereby authorized to be appropriated for the fiscal year ending June 30, 1970, and for each succeeding fiscal year, not to exceed \$120,000,000, to enable the Secretary of Agriculture, under such rules and regulations as he may deem in the public interest, to encourage consumption of fluid milk by children in the United States in (1) nonprofit schools of high school grade and under, and (2) nonprofit nursery schools, child-care centers, settlement houses, summer camps, and similar nonprofit institutions devoted to the care and training of children. For the purposes of this section ‘United States’ means the fifty States, Guam, and the District of Columbia. The Secretary shall administer the special milk program provided for by this section to the maximum extent practicable in the same manner as he administered the special milk program provided for by Public Law 89-642, as amended, during the fiscal year ending June 30, 1969.”

[Note by the Office of the Federal Register.—The foregoing Act, having been presented to the President of the United States on Wednesday, June 17, 1970, for his approval and not having been returned by him to the House of Congress in which it originated within the time prescribed by the Constitution of the United States, has become a law without his approval on June 30, 1970.]

Public Law 91-296

AN ACT

To amend the Public Health Service Act to revise, extend, and improve the program established by title VI of such Act, and for other purposes.

June 30, 1970
[H. R. 11102]

Medical Facilities Construction and Modernization Amendments of 1970.

“Secretary.”

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE; DEFINITION

SECTION 1. (a) This Act may be cited as the “Medical Facilities Construction and Modernization Amendments of 1970”.

(b) As used in the amendments made by this Act, the term “Secretary”, unless the context otherwise requires, means the Secretary of Health, Education, and Welfare.

TITLE I—GRANTS FOR CONSTRUCTION AND MODERNIZATION OF HOSPITALS AND OTHER MEDICAL FACILITIES

PART A—EXTENSION OF GRANT PROGRAM

AUTHORIZATION OF APPROPRIATIONS FOR CONSTRUCTION GRANTS

SEC. 101. (a) Section 601 of the Public Health Service Act (42 U.S.C. 219a) is amended—

78 Stat. 448;
82 Stat. 1011.
42 USC 291a.

(1) by striking out “next five” in paragraph (a) and inserting in lieu thereof “next eight”;

(2) (A) by striking out “\$70,000,000” in subparagraph (1) of paragraph (a) and inserting in lieu thereof “\$85,000,000”,

(B) by striking out “\$20,000,000” in subparagraph (2) of such paragraph and inserting in lieu thereof “\$70,000,000”, and

(C) by striking out “\$10,000,000” in subparagraph (3) of such paragraph and inserting in lieu thereof “\$15,000,000”; and

(3) by striking out in paragraph (b) “and \$195,000,000 for the fiscal year ending June 30, 1970.” and inserting in lieu thereof “\$195,000,000 for the fiscal year ending June 30, 1970, \$147,500,000 for the fiscal year ending June 30, 1971, \$152,500,000 for the fiscal year ending June 30, 1972, and \$157,500,000 for the fiscal year ending June 30, 1973; and”.

(b) The amendments made by subsection (a) shall take effect with respect to appropriations made under such section 601 for fiscal years beginning after June 30, 1970.

Effective date.

AUTHORIZATION OF APPROPRIATIONS FOR MODERNIZATION GRANTS

SEC. 102. (a) Effective with respect to appropriations made under section 601 of the Public Health Service Act for fiscal years beginning after June 30, 1970, such section is further amended—

(1) by striking out in paragraph (b) the following: “and for grants for modernization of such facilities and the facilities referred to in paragraph (a)”;

(2) by adding after paragraph (b) the following new paragraph:

“(c) for grants for modernization of the facilities referred to in paragraphs (a) and (b), \$65,000,000 for the fiscal year ending June 30, 1971, \$80,000,000 for the fiscal year ending June 30, 1972, and \$90,000,000 for the fiscal year ending June 30, 1973.”; and

(3) by inserting "AND MODERNIZATION" after "CONSTRUCTION" in the section heading.

STATE ALLOTMENTS

SEC. 103. (a) Effective with respect to appropriations pursuant to section 601 of the Public Health Service Act for fiscal years beginning after June 30, 1970, section 602(a) of such Act (42 U.S.C. 291b) is amended to read as follows:

"(a) (1) Each State shall be entitled for each fiscal year to an allotment bearing the same ratio to the sums appropriated for such year pursuant to subparagraphs (1), (2), and (3), respectively, of section 601(a), and to an allotment bearing the same ratio to the sums appropriated for such year pursuant to section 601(b), as the product of—

"(A) the population of such State, and

"(B) the square of its allotment percentage, bears to the sum of the corresponding products for all of the States.

"(2) For each fiscal year, the Secretary shall, in accordance with regulations, make allotments among the States, from the sums appropriated for such year under section 601(c), on the basis of the population, the financial need, and the extent of the need for modernization of the facilities referred to in paragraphs (a) and (b) of section 601, of the respective States."

(b) Effective with respect to allotments from such appropriations, section 602(b) (1) of such Act is amended by—

(1) striking out "\$25,000" and "\$50,000" in subparagraph (A) and inserting in lieu thereof "\$50,000" and "\$100,000", respectively;

(2) striking out "\$50,000" and "\$100,000" in subparagraph (B) and inserting in lieu thereof "\$100,000" and "\$200,000", respectively;

(3) striking out "\$100,000" and "\$200,000" in subparagraph (C) and inserting in lieu thereof "\$200,000" and "\$300,000", respectively; and

(4) striking out "or" at the end of subparagraph (B), inserting "or" at the end of subparagraph (C), and adding after and below subparagraph (C) the following new subparagraph:

"(D) \$200,000 for the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands, or Guam and \$300,000 for any other State in the case of an allotment for grants for the modernization of facilities referred to in paragraphs (a) and (b) of section 601."

(c) The Secretary of Health, Education, and Welfare shall conduct a study of the effects of the formula specified in section 602(a) (1) of the Public Health Service Act for allotment among the States of sums appropriated for construction of health facilities, and shall report to the Congress on May 15, 1972, the result of such study, together with recommendations for such changes, if any, in such formula as he may determine to be desirable, together with his justification for any changes so recommended.

TRANSFER OF ALLOTMENTS

SEC. 104. Effective with respect to allotments from appropriations made pursuant to section 601 of the Public Health Service Act for fiscal years beginning after June 30, 1970, section 602(e) of the Public Health Service Act is amended to read as follows:

"(e) (1) Upon the request of any State that a specified portion of any allotment of such State under subsection (a) for any fiscal year be

Ante, p. 337.

78 Stat. 448;
82 Stat. 1011.

Allotment study.

Report to
Congress.

added to any other allotment or allotments of such State under such subsection for such year, the Secretary shall promptly (but after application of subsection (b)) adjust the allotments of such State in accordance with such request and shall notify the State agency; except that the aggregate of the portions so transferred from an allotment for a fiscal year pursuant to this paragraph may not exceed the amount specified with respect to such allotment in clause (A), (B), (C), or (D), as the case may be, of subsection (b) (1) which is applicable to such State.

78 Stat. 448.
42 USC 291b.

“(2) In addition to the transfer of portions of allotments under paragraph (1), upon the request of any State that a specified portion of any allotment of such State under subsection (a), other than an allotment for grants for the construction of public or other nonprofit rehabilitation facilities, be added to another allotment of such State under such subsection, other than an allotment for grants for the construction of public or other nonprofit hospitals and public health centers, and upon simultaneous certification to the Secretary by the State agency in such State to the effect that—

“(A) it has afforded a reasonable opportunity to make applications for the portion so specified and there have been no approvable applications for such portion, or

“(B) in the case of a request to transfer a portion of an allotment for grants for the construction of public or other nonprofit hospitals and public health centers, use of such portion as requested by such State agency will better carry out the purposes of this title, the Secretary shall promptly (but after application of subsection (b)) adjust the allotments of such State in accordance with such request and shall notify the State agency.

“(3) In addition to the transfer of portions of allotments under paragraph (1) or (2), upon the request of any State that a specified portion of an allotment of such State under paragraph (2) of subsection (a) be added to an allotment of such State under paragraph (1) of such subsection for grants for the construction of public or other nonprofit hospitals and public health centers, and upon simultaneous certification by the State agency in such State to the effect that the need for new public or other nonprofit hospitals and public health centers is substantially greater than the need for modernization of facilities referred to in paragraph (a) or (b) of section 601, the Secretary shall promptly (but after application of subsection (b) of this section) adjust the allotments of such State in accordance with such request and shall notify the State agency.

“(4) After adjustment of allotments of any State, as provided in paragraph (1), (2), or (3) of this subsection, the allotments as so adjusted shall be deemed to be the State's allotments under this section.”

PART B—OPERATION OF GRANT PROGRAM

PRIORITY OF PROJECTS

SEC. 110. Effective with respect to applications approved under title VI of the Public Health Service Act after June 30, 1970, section 603 (a) of such Act (42 U.S.C. 291c) is amended—

42 USC 291-
291c.
78 Stat. 451.

(1) by striking out “rural communities and areas with relatively small financial resources” in clause (1), and inserting in lieu thereof “areas with relatively small financial resources and, at the option of the State, rural communities”,

(2) by striking out “and” at the end of clause (2), and

(3) by adding after clause (3) the following new clauses:

“(4) in the case of projects for construction or modernization of outpatient facilities, to any outpatient facility that will be loca-

ted in, and provide services for residents of, an area determined by the Secretary to be a rural or urban poverty area;

“(5) to projects for facilities which, alone or in conjunction with other facilities, will provide comprehensive health care, including outpatient and preventive care as well as hospitalization;

“(6) to facilities which will provide training in health or allied health professions; and

“(7) to facilities which will provide to a significant extent, for the treatment of alcoholism;”.

AREAWIDE AND STATE HEALTH PLANNING AGENCIES

42 USC 291-
291o.
78 Stat. 453.

SEC. 111. (a) Effective with respect to applications approved under title VI of the Public Health Service Act after June 30, 1970, clause (4) of the first sentence of section 605 (b) of such Act (42 U.S.C. 291e) is amended by striking out “State agency and” and inserting in lieu thereof “State agency, opportunity has been provided, prior to such approval and recommendation, for consideration of the project by the public or nonprofit private agency or organization which has developed the comprehensive regional, metropolitan area, or other local area plan or plans referred to in section 314 (b) covering the area in which such project is to be located or, if there is no such agency or organization, by the State agency administering or supervising the administration of the State plan approved under section 314 (a), and the application is for a project which”.

80 Stat. 1181.
42 USC 246.

Grants.

(b) Section 314 (b) of such Act (42 U.S.C. 246) is amended by adding after the first sentence the following new sentence: “No grant may be made under this subsection after June 30, 1970, to any agency or organization to develop or revise health plans for an area unless the Secretary determines that such agency or organization provides means for appropriate representation of the interests of the hospitals, other health care facilities, and practicing physicians serving such area, and the general public.”

PORTION OF ALLOTMENT AVAILABLE FOR STATE PLAN ADMINISTRATION

SEC. 112. Effective with respect to expenditures under a State plan approved under title VI of the Public Health Service Act which are made for administration of such plan during any fiscal year beginning after June 30, 1970—

78 Stat. 454.

(1) the first sentence of subsection (c) (1) of section 606 of such Act (42 U.S.C. 291f) is amended (A) by striking out “2 per centum” and inserting in lieu thereof “4 per centum”, and (B) by striking out “\$50,000” and inserting in lieu thereof “\$100,000”; and

(2) paragraph (2) of subsection (c) of such section 606 is amended by striking out “June 30, 1964” and inserting in lieu thereof “June 30, 1970”.

FEDERAL SHARE

SEC. 113. Effective with respect to projects approved under title VI of the Public Health Service Act after June 30, 1970, the section of such Act herein redesignated as section 645 (b) (42 U.S.C. 291o) is amended to read as follows:

Post, p. 344.
“Federal
share.”

“(b) (1) The term ‘Federal share’ with respect to any project means the proportion of the cost of such project to be paid by the Federal Government under this title.

“(2) With respect to any project in any State for which a grant is made from an allotment from an appropriation under section 601,

Ante, p. 337.

the Federal share shall be the amount determined by the State agency designated in accordance with section 604, but not more than 66 $\frac{2}{3}$ per centum or the State's allotment percentage, whichever is the lower, except that, if the State's allotment percentage is lower than 50 per centum, such allotment percentage shall be deemed to be 50 per centum for purposes of this paragraph.

78 Stat. 452.
42 USC 291d.

“(3) Prior to the approval of the first project in a State during any fiscal year the State agency designated in accordance with section 604 shall give the Secretary written notification of the maximum Federal share established pursuant to paragraph (2) for projects in such State to be approved by the Secretary during such fiscal year and the method for determining the actual Federal share to be paid with respect to such projects; and such maximum Federal share and such method of determination for projects in such State approved during such fiscal year shall not be changed after such approval.

“(4) Notwithstanding the provisions of paragraphs (2) and (3) of this subsection, the Federal share shall, at the option of the State agency, be equal to the per centum provided under such paragraphs plus an incentive per centum (which when combined with the per centum provided under such paragraphs shall not exceed 90 per centum) specified by the State agency in the case of (A) projects that will provide services primarily for persons in an area determined by the Secretary to be a rural or urban poverty area, and (B) projects that offer potential for reducing health care costs through shared services among health care facilities, through interfacility cooperation, or through the construction or modernization of free-standing outpatient facilities.”

DEFINITION OF HOSPITAL

SEC. 114. (a) Effective with respect to applications approved under title VI of the Public Health Service Act after June 30, 1970, paragraph (c) of the section of such Act redesignated (by section 201 of this Act) as section 645 is amended—

42 USC 291-
291o.

Post, p. 344.

(1) by inserting after “nurses' home facilities,” the following: “extended care facilities, facilities related to programs for home health services, self-care units,”; and

(2) by inserting a comma immediately before “operated” and inserting immediately before “but does not include” the following: “and also includes education or training facilities for health professions personnel operated as an integral part of a hospital.”

STATE ADVISORY COUNCILS

SEC. 115. Effective July 1, 1970, section 604(a)(3) of the Public Health Service Act (42 U.S.C. 291d) is amended—

78 Stat. 452.

(a) by inserting “(A)” after “shall include”, and

(b) by inserting after “rehabilitation services, and” the following: “representatives particularly concerned with education or training of health professions personnel, and (B)”.

CHANGE IN NAME AND CLARIFICATION OF FUNCTIONS OF DIAGNOSTIC OR TREATMENT CENTER

SEC. 116. (a) Sections 601(a)(2) and 602(b)(1)(B) of the Public Health Service Act (42 U.S.C. 291a, 291b) are each amended by striking out “diagnostic or treatment centers” and inserting in lieu thereof “outpatient facilities”.

78 Stat. 452.

(b) Section 604(a)(4)(C) of such Act (42 U.S.C. 291d) is amended by striking out “diagnostic or treatment centers” and inserting in lieu thereof “outpatient facilities” and by striking out “such centers” and inserting in lieu thereof “such facilities”.

(c) Section 604(a)(5) of such Act (42 U.S.C. 291d) is amended by striking out “diagnostic or treatment centers” and inserting in lieu thereof “outpatient facilities”.

(d) Section 609(b) of such Act (42 U.S.C. 291i) is amended by striking out “diagnostic or treatment center” and inserting in lieu thereof “outpatient facility”.

42 USC 291e.

(e) Section 605(e) of such Act (42 U.S.C. 29(e)) is amended by—

(1) striking out “a diagnostic or treatment center” and inserting in lieu thereof “an outpatient facility”, and

(2) inserting before the period at the end thereof “or which provides reasonable assurance that the services of a general hospital will be available to patients of such facility who are in need of hospital care”.

(f) Paragraph (f) of the section of the Public Health Service Act redesignated (by section 201 of this Act) as section 645 (42 U.S.C. 291o) is amended—

Post, p. 344.

(1) by striking out “diagnostic or treatment center” and inserting in lieu thereof “outpatient facility”,

(2) by inserting after “means a facility” the following: “(located in or apart from a hospital)”,

(3) by inserting after “ambulatory patients” the following: “(including ambulatory inpatients)”, and

(4) by striking out the period at the end of paragraph (2) and inserting in lieu thereof “; or” and by adding after paragraph (2) the following new paragraph:

“(3) which offers to patients not requiring hospitalization the services of licensed physicians in various medical specialties, and which provides to its patients a reasonably full-range of diagnostic and treatment services.”

Effective date.

(g) The amendments made by subsection (e) and paragraphs (2) and (3) of subsection (f) of this section shall apply with respect to applications approved under title VI of such Act after June 30, 1970.

42 USC 291-291o.

DEFINITION OF FACILITY FOR LONG-TERM CARE

SEC. 117. Effective with respect to applications approved under title VI of the Public Health Service Act after June 30, 1970, paragraph (h) of the section of such Act redesignated (by section 201 of this Act) as section 645 (42 U.S.C. 291o) is amended by inserting after “means a facility” the following: “(including an extended care facility)”.

GRANTS FOR EQUIPMENT

SEC. 118. Effective with respect to projects approved under title VI of the Public Health Service Act after June 30, 1970, paragraph (i) of the section of such Act redesignated (by section 201 of this Act) as section 645 (42 U.S.C. 291o) is further amended by inserting before the semicolon “and, in any case in which it will help to provide a service not previously provided in the community, equipment of any buildings”.

INCLUSION OF THE TRUST TERRITORY OF THE PACIFIC ISLANDS

SEC. 119. (a) (1) Subparagraphs (A), (B), and (C) of paragraph (1) of subsection (b) of section 602 of the Public Health Service Act (42 U.S.C. 291b) are each amended by inserting "the Trust Territory of the Pacific Islands," after "American Samoa,".

78 Stat. 448.

(2) Paragraph (2) of such subsection is amended by inserting "the Trust Territory of the Pacific Islands," after "American Samoa,".

(b) Paragraph (1) of subsection (c) of such section is amended by inserting "the Trust Territory of the Pacific Islands," after "American Samoa,".

(c) Paragraphs (1) and (2) of subsection (d) of such section are each amended by inserting "the Trust Territory of the Pacific Islands," after "American Samoa,".

(d) The section of such Act redesignated (by section 201 of this Act) as section 645(a) (42 U.S.C. 291o) is amended by inserting "the Trust Territory of the Pacific Islands," after "American Samoa,".

Post, p. 344.

(e) The amendments made by this section shall apply with respect to allotments (and grants therefrom) under part A of title VI of the Public Health Service Act for fiscal years ending after June 30, 1970, and with respect to loan guarantees and loans under part B of such title made after June 30, 1970.

42 USC 291a-291j.

42 USC 291k-291o.

WAIVING OF RIGHT OF RECOVERY

SEC. 120. Section (3)(b) of the Hospital and Medical Facilities Amendments of 1964 (Public Law 88-443) is amended by striking out the period at the end of paragraph (5) and inserting in lieu thereof a semicolon, and by adding after such paragraph the following new paragraph:

78 Stat. 461.
42 USC 291 note.

"(6) the provisions of clause (b) of section 609 of the Public Health Service Act, as amended by this Act, shall apply with respect to any project whether it was approved, and whether the event specified in such clause occurred, before, on, or after the date of enactment of this Act, except that it shall not apply in the case of any project with respect to which recovery under title VI of such Act has been made prior to the enactment of this paragraph."

42 USC 291i.

FINANCIAL STATEMENTS FOR FACILITIES ASSISTED UNDER TITLE VI OF THE PUBLIC HEALTH SERVICE ACT

SEC. 121. Title VI of the Public Health Service Act is amended by adding at the end thereof the following new section:

42 USC 291-291o.

"FINANCIAL STATEMENTS

"SEC. 646. In the case of any facility for which a grant, loan, or loan guarantee has been made under this title, the applicant for such grant, loan, or loan guarantee (or, if appropriate, such other person as the Secretary may prescribe) shall file at least annually with the State agency for the State in which the facility is located a statement which shall be in such form, and contain such information, as the Secretary may require to accurately show—

"(1) the financial operations of the facility, and

"(2) the costs to the facility of providing health services in the facility and the charges made by the facility for providing such services,

during the period with respect to which the statement is filed."

CARRYOVER OF ALLOTMENTS

Ante, p. 337.

78 Stat. 449.
42 USC 291b.

SEC. 122. Effective with respect to allotments made from appropriations under section 601 of the Public Health Service Act for fiscal years beginning after June 30, 1970, section 602(d) (1) of such Act is amended (1) by striking out "for the next fiscal year (and for such year only)" and inserting in lieu thereof "for the next two fiscal years (and for such years only)", and (2) by striking out "purpose for such next fiscal year" and inserting in lieu thereof "purposes for such next two fiscal years".

AVAILABILITY OF EXTENDED CARE SERVICES TO PATIENTS OF GENERAL HOSPITALS

State plans.

SEC. 123. Section 604(a) of the Public Health Service Act (42 U.S.C. 291d) is amended by striking out "and" at the end of paragraph (11), by striking out the period at the end of paragraph (12) and inserting in lieu thereof "; and", and by adding after paragraph (12) the following new paragraph.

"(13) Effective July 1, 1971, provide that before any project for construction or modernization of any general hospital is approved by the State agency there will be reasonable assurance of adequate provision for extended care services (as determined in accordance with regulations) to patients of such hospital when such services are medically appropriate for them, with such services being provided in facilities which (A) are structurally part of, physically connected with, or in immediate proximity to, such hospital, and (B) either (i) are under the supervision of the professional staff of such hospital or (ii) have organized medical staffs and have in effect transfer agreements with such hospital; except that the Secretary may, at the request of the State agency, waive compliance with clause (A) or (B), or both such clauses, as the case may be, in the case of any project if the State agency has determined that compliance with such clause or clauses in such case would be inadvisable."

Exception.

TITLE II—LOAN GUARANTEES AND LOANS FOR MODERNIZATION AND CONSTRUCTION OF HOSPITALS AND OTHER MEDICAL FACILITIES

LOAN GUARANTEES AND LOANS FOR MODERNIZATION AND CONSTRUCTION OF HOSPITALS AND OTHER MEDICAL FACILITIES

78 Stat. 447.
42 USC 291-
291o.

SEC. 201. Title VI of the Public Health Service Act is amended by redesignating part B as part D; by redesignating sections 621 through 625 (42 U.S.C. 291k-291o), and all references thereto, as sections 641 through 645, respectively; and by inserting after section 610 (42 U.S.C. 291i) the following new part:

42 USC 291j.

"PART B—LOAN GUARANTEES AND LOANS FOR MODERNIZATION AND CONSTRUCTION OF HOSPITALS AND OTHER MEDICAL FACILITIES

"AUTHORIZATION OF LOAN GUARANTEES AND LOANS

"SEC. 621. (a) (1) In order to assist nonprofit private agencies to carry out needed projects for the modernization or construction of nonprofit private hospitals, facilities for long-term care, outpatient facilities, and rehabilitation facilities, the Secretary, during the period July 1, 1970, through June 30, 1973, may, in accordance with the pro-

visions of this part, guarantee to non-Federal lenders making loans to such agencies for such projects, payment of principal of and interest on loans, made by such lenders, which are approved under this part.

“(2) In order to assist public agencies to carry out needed projects for the modernization or construction of public health centers, and public hospitals, facilities for long-term care, outpatient facilities, and rehabilitation facilities, the Secretary, during the period July 1, 1970, through June 30, 1973, may, in accordance with the provisions of this part, make loans to such agencies which shall be sold and guaranteed in accordance with section 627.

Post, p. 349.
Cost limitations.

“(b) (1) No loan guarantee under this part with respect to any modernization or construction project may apply to so much of the principal amount thereof as, when added to the amount of any grant or loan under part A with respect to such project, exceeds 90 per centum of the cost of such project.

78 Stat. 448.
42 USC 291a.

“(2) No loan to a public agency under this part shall be made in an amount which, when added to the amount of any grant or loan under part A with respect to such project, exceeds 90 per centum of the cost of such project.

“(c) The Secretary, with the consent of the Secretary of Housing and Urban Development, shall obtain from the Department of Housing and Urban Development such assistance with respect to the administration of this part as will promote efficiency and economy thereof.

Administrative assistance.

“ALLOCATION AMONG THE STATES

“SEC. 622. (a) For each fiscal year, the total amount of principal of loans to nonprofit private agencies which may be guaranteed or loans to public agencies which may be directly made under this part shall be allotted by the Secretary among the States, in accordance with regulations, on the basis of each State's relative population, financial need, need for construction of the facilities referred to in section 621 (a), and need for modernization of such facilities.

Allotment provisions.

“(b) Any amount allotted under subsection (a) to a State for a fiscal year ending before July 1, 1973, and remaining unobligated at the end of such year shall remain available to such State, for the purpose for which made, for the next two fiscal years (and for such years only), and any such amount shall be in addition to the amounts allotted to such State for such purpose for each of such next two fiscal years; except that, with the consent of any such State, any such amount remaining unobligated at the end of the first of such next fiscal year may be reallocated (on such basis as the Secretary deems equitable and consistent with the purposes of this title) to other States which have need therefor. Any amounts so reallocated to a State shall be available for the purposes for which made until the close of the second such next two fiscal years and shall be in addition to the amount allotted and available to such State for the same period.

Reallotment provisions.

“(c) Any amount allotted or reallocated to a State under this section for a fiscal year shall not, until the expiration of the period during which it is available for obligation, be considered as available for allotment for a subsequent fiscal year.

Availability, expiration.

“(d) The allotments of any State under subsection (a) for the fiscal year ending June 30, 1971, and the succeeding fiscal year shall also be available to guarantee loans with respect to any project, for modernization or construction of a nonprofit private hospital or other health facility referred to in section 621(a) (1), if the modernization or construction of such facility was not commenced earlier than January 1, 1968, and if the State certifies and the Secretary finds that without

such guaranteed loan such facility could not be completed and begin to operate or could not continue to operate, but with such guaranteed loan would be able to do so: *Provided*, That this subsection shall not apply to more than two projects in any one State.

“APPLICATIONS AND CONDITIONS

“SEC. 623. (a) For each project for which a guarantee of a loan to a nonprofit private agency or a direct loan to a public agency is sought under this part, there shall be submitted to the Secretary, through the State agency designated in accordance with section 604, an application by such private nonprofit agency or by such public agency. If two or more private nonprofit agencies, or two or more public agencies, join in the project, the application may be filed by one or more such agencies. Such application shall (1) set forth all of the descriptions, plans, specifications, assurances, and information which are required by the third sentence of section 605(a) (other than clause (6) thereof) with respect to applications submitted under that section, (2) contain such other information as the Secretary may require to carry out the purposes of this part, and (3) include a certification by the State agency of the total cost of the project and the amount of the loan for which a guarantee is sought under this part, or the amount of the direct loan sought under this part, as the case may be.

“(b) The Secretary may approve such application only if—

“(1) there remains sufficient balance in the allotment determined for such State pursuant to section 622 to cover the amount of the loan for which a guarantee is sought, or the amount of the direct loan sought (as the case may be), in such application,

“(2) he makes each of the findings which are required by clauses (1) through (4) of section 605(b) for the approval of applications for projects thereunder (except that, in the case of the finding required under such clause (4) of entitlement of a project to a priority established under section 603(a), such finding shall be made without regard to the provisions of clauses (1) and (3) of such section),

“(3) he finds that there is compliance with section 605(e),

“(4) he obtains assurances that the applicant will keep such records, and afford such access thereto, and make such reports, in such form and containing such information, as the Secretary may reasonably require, and

“(5) he also determines, in the case of a loan for which a guarantee is sought, that the terms, conditions, maturity, security (if any), and schedule and amounts of repayments with respect to the loan are sufficient to protect the financial interests of the United States and are otherwise reasonable and in accord with regulations, including a determination that the rate of interest does not exceed such per centum per annum on the principal obligation outstanding as the Secretary determines to be reasonable, taking into account the range of interest rates prevailing in the private market for similar loans and the risks assumed by the United States.

“(c) No application under this section shall be disapproved until the Secretary has afforded the State agency an opportunity for a hearing.

“(d) Amendment of an approved application shall be subject to approval in the same manner as an original application.

“(e) (1) In the case of any loan to a nonprofit private agency, the United States shall be entitled to recover from the applicant the

78 Stat., 452,
42 USC 291d.

42 USC 291e.

Ante, p. 339.

Ante, p. 342.

Hearing.

Recovery right.

amount of any payments made pursuant to any guarantee of such loan under this part, unless the Secretary for good cause waives its right of recovery, and, upon making any such payment, the United States shall be subrogated to all of the rights of the recipient of the payments with respect to which the guarantee was made.

“(2) Guarantees of loans to nonprofit private agencies under this part shall be subject to such further terms and conditions as the Secretary determines to be necessary to assure that the purposes of this part will be achieved, and, to the extent permitted by subsection (f), any of such terms and conditions may be modified by the Secretary to the extent he determines it to be consistent with the financial interest of the United States.

Terms and conditions.

“(f) Any guarantee of a loan to a nonprofit private agency made by the Secretary pursuant to this part shall be incontestable in the hands of an applicant on whose behalf such guarantee is made, and as to any person who makes or contracts to make a loan to such applicant in reliance thereon, except for fraud or misrepresentation on the part of such applicant or such other person.

Incontestable guarantee.

Exception.

“PAYMENT OF INTEREST ON GUARANTEED LOAN

“SEC. 624. (a) Subject to the provisions of subsection (b), in the case of a guarantee of any loan to a nonprofit private agency under this part with respect to a hospital or other medical facility, the Secretary shall pay, to the holder of such loan and for and on behalf of such hospital or other medical facility amounts sufficient to reduce by 3 per centum per annum the net effective interest rate otherwise payable on such loan. Each holder of a loan, to a nonprofit private agency, which is guaranteed under this part shall have a contractual right to receive from the United States interest payments required by the preceding sentence.

“(b) Contracts to make the payments provided for in this section shall not carry an aggregate amount greater than such amount as may be provided in appropriations Acts.

“LIMITATION ON AMOUNT OF LOANS GUARANTEED OR DIRECTLY MADE

“SEC. 625. The cumulative total of the principal of the loans outstanding at any time with respect to which guarantees have been issued, or which have been directly made, under this part may not exceed the lesser of—

“(1) such limitations as may be specified in appropriations Acts, or

“(2) in the case of loans covered by allotments for the fiscal year ending June 30, 1971, \$500,000,000; for the fiscal year ending June 30, 1972, \$1,000,000,000; and for the fiscal year ending June 30, 1973, \$1,500,000,000.

“LOAN GUARANTEE AND LOAN FUND

“SEC. 626. (a) (1) There is hereby established in the Treasury a loan guarantee and loan fund (hereinafter in this section referred to as the ‘fund’) which shall be available to the Secretary without fiscal year limitation, in such amounts as may be specified from time to time in appropriations Acts, (i) to enable him to discharge his responsibilities under guarantees issued by him under this part, (ii) for payment of interest on the loans to nonprofit agencies which are guaranteed, (iii) for direct loans to public agencies which are sold and guaranteed, (iv) for payment of interest with respect to such loans, and (v) for

repurchase by him of direct loans to public agencies which have been sold and guaranteed. There are authorized to be appropriated to the fund from time to time such amounts as may be necessary to provide capital required for the fund. To the extent authorized from time to time in appropriation Acts, there shall be deposited in the fund amounts received by the Secretary as interest payments or repayments of principal on loans and any other moneys, property, or assets derived by him from his operations under this part, including any moneys derived from the sale of assets.

“(2) Of the moneys in the fund, there shall be available to the Secretary for the purpose of making of direct loans to public agencies only such sums as shall have been appropriated for such purpose pursuant to section 627 or sums received by the Secretary from the sale of such loans (in accordance with such section) and authorized in appropriations Acts to be used for such purpose.

“(b) If at any time the moneys in the fund are insufficient to enable the Secretary to discharge his responsibilities under this part—

“(i) to make payments of interest on loans to nonprofit private agencies which he has guaranteed under this part;

“(ii) to otherwise comply with guarantees under this part of loans to nonprofit private agencies;

“(iii) to make payments of interest subsidies with respect to loans to public agencies which he has made, sold, and guaranteed under this part;

“(iv) in the event of default by public agencies to make payments of principal and interest on loans which the Secretary has made, sold, and guaranteed, under this part, to make such payments to the purchaser of such loan;

“(v) to repurchase loans to public agencies which have been sold and guaranteed under this part,

he is authorized to issue to the Secretary of the Treasury notes or other obligations in such forms and denominations, bearing such maturities, and subject to such terms and conditions, as may be prescribed by the Secretary with the approval of the Secretary of the Treasury, but only in such amounts as may be specified from time to time in appropriations Acts. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations issued hereunder and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act, as amended, are extended to include any purchase of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States. Sums borrowed under this subsection shall be deposited in the fund and redemption of such notes and obligations shall be made by the Secretary from such fund.

Notes or other obligations, issuance.

Interest rates.

40 Stat. 288.
31 USC 744.

Sale.

“PROVISIONS APPLICABLE TO LOANS TO PUBLIC FACILITIES

“SEC. 627. (a) (1) Any loan made by the Secretary to a public agency under this part for the modernization or construction of a public hospital or other health facility shall require such public agency to pay interest thereon at a rate comparable to the current rate of interest prevailing with respect to loans, to nonprofit private agencies, which are guaranteed under this part, for the modernization or construction of similar facilities in the same or similar areas, minus 3 per centum per annum.

Interest rates.

“(2) (A) No loan to a public agency shall be made under this part unless—

“(i) the Secretary is reasonably satisfied that such agency will be able to make payments of principal and interest thereon when due, and

“(ii) such agency provides the Secretary with reasonable assurances that there will be available to such agency such additional funds as may be necessary to complete the project with respect to which such loan is requested.

“(B) Any loan to a public agency shall have such security, have such maturity date, be repayable in such installments, and be subject to such other terms and conditions (including provision for recovery in case of default) as the Secretary determines to be necessary to carry out the purposes of this part while adequately protecting the financial interests of the United States.

“(3) In making loans to public agencies under this part, the Secretary shall give due regard to achieving an equitable geographical distribution of such loans.

Distribution.

“(b) (1) The Secretary shall from time to time, but with due regard to the financial interests of the United States, sell loans referred to in subsection (a) (1) either on the private market or to the Federal National Mortgage Association in accordance with section 302 of the Federal National Mortgage Association Charter Act.

Sale.

“(2) Any loan so sold shall be sold for an amount which is equal (or approximately equal) to the amount of the unpaid principal of such loan as of the time of sale.

68 Stat. 613;
Post, p. 450.
12 USC 1717.

“(c) (1) The Secretary is authorized to enter into an agreement with the purchaser of any loan sold under this part under which the Secretary agrees—

Agreements.

“(A) to guarantee to such purchaser (and any successor in interest to such purchaser) payment of the principal and interest payable under such loan, and

“(B) to pay as an interest subsidy to such purchaser (and any successor in interest of such purchaser) amounts which when added to the amount of interest payable on such loan, are equivalent to a reasonable rate of interest on such loan as determined by the Secretary, after taking into account the range of prevailing interest rates in the private market on similar loans and the risks assumed by the United States.

“(2) Any such agreement—

“(A) may provide that the Secretary shall act as agent of any such purchaser, for the purpose of collecting from the public agency to which such loan was made and paying over to such purchaser, any payments of principal and interest payable by such agency under such loan;

“(B) may provide for the repurchase by the Secretary of any such loan on such terms and conditions as may be specified in the agreement;

“(C) shall provide that, in the event of any default by the public agency to which such loan was made in payment of principal and interest due on such loan, the Secretary shall, upon notification to the purchaser (or to the successor in interest of such purchaser), have the option to close out such loan (and any obligations of the Secretary with respect thereto) by paying to the purchaser (or his successor in interest) the total amount of outstanding principal and interest due thereon at the time of such notification; and

“(D) shall provide that, in the event such loan is closed out as provided in subparagraph (C), or in the event of any other loss incurred by the Secretary by reason of the failure of such public agency to make payments of principal and interest on such loan, the Secretary shall be subrogated to all rights of such purchaser for recovery of such loss from such public agency.

Right of recovery, waiver.

“(d) The Secretary may, for good cause, waive any right of recovery which he has against a public agency by reason of the failure of such agency to make payments of principal and interest on a loan made to such agency under this part.

“(e) After any loan to a public agency under this part has been sold and guaranteed, interest paid on such loan and any interest subsidy paid by the Secretary with respect to such loan which is received by the purchaser thereof (or his successor in interest) shall be included in gross income for the purposes of chapter 1 of the Internal Revenue Code of 1954.

68A Stat. 3.
26 USC 1-1388.
Sales proceeds,
deposit and use.

“(f) Amounts received by the Secretary as proceeds from the sale of loans under this section shall be deposited in the loan fund established by section 626, and shall be available to the Secretary for the making of further loans under this part in accordance with the provisions of subsection (a) (2) of such section.

Appropriation.

“(g) There is authorized to be appropriated to the Secretary, for deposit in the loan fund established by section 626, \$30,000,000 to provide initial capital for the making of direct loans by the Secretary to public agencies for the modernization or construction of facilities referred to in subsection (a) (1).”

AMENDMENT TO FEDERAL NATIONAL MORTGAGE ASSOCIATION CHARTER ACT

68 Stat. 613;
75 Stat. 176;
82 Stat. 537.
12 USC 1717.
Ante, p. 344.

SEC. 202. The first sentence of section 302 (b) of the Federal National Mortgage Association Charter Act is amended by inserting after the first semicolon the following: “and to purchase, service, sell, or otherwise deal in any loans made to a public agency under part B of title VI of the Public Health Service Act;”.

TITLE III—GRANTS FOR CONSTRUCTION OR MODERNIZATION OF EMERGENCY ROOMS OF GENERAL HOSPITALS

SEC. 301. Title VI of the Public Health Service Act is further amended by adding after part B (added by section 201 of this Act) the following new part:

“PART C—CONSTRUCTION OR MODERNIZATION OF EMERGENCY ROOMS

“AUTHORIZATION

“SEC. 631. In order to assist in the provision of adequate emergency room service in various communities of the Nation for treatment of accident victims and handling of other medical emergencies through special project grants for the construction or modernization of emergency rooms of general hospitals, there are authorized to be appropriated \$20,000,000 each for the fiscal year ending June 30, 1971, and the next two fiscal years.

Appropriation.

“ELIGIBILITY FOR GRANTS

“SEC. 632. Funds appropriated pursuant to section 631 shall be available for grants by the Secretary for not to exceed 50 per centum of the cost of construction or modernization of emergency rooms of public or nonprofit general hospitals, including provision or replacement of medical transportation facilities. Such grants shall be made by the Secretary only after consultation with the State agency designated in accordance with section 604(a) (1) of the Public Health Service Act. In order to be eligible for a grant under this part, the project, and the applicant therefor, must meet such criteria as may be prescribed by regulations. Such regulations shall be so designed as to provide aid only with respect to projects for which adequate assistance is not readily available from other Federal, State, local, or other sources, and to assist in providing modern, efficient, and effective emergency room service needed to care for victims of highway, industrial, agricultural, or other accidents and to handle other medical emergencies, and to assist in providing such service in geographical areas which have special need therefor.

Cost limitation.

78 Stat. 452.
42 USC 291d.

“PAYMENTS

“SEC. 633. Grants under this part shall be paid in advance or by way of reimbursement, in such installments and on such conditions, as in the judgment of the Secretary will best carry out the purposes of this part.”

TITLE IV—EVALUATION OF HEALTH PROGRAMS

SEC. 401. (a) Title V of the Public Health Service Act is amended by inserting at the end thereof the following new section:

58 Stat. 709;
82 Stat. 1012.
42 USC 219-229a.

“EVALUATION OF PROGRAMS

“SEC. 513. Such portion as the Secretary may determine, but not more than 1 per centum, of any appropriation for grants, contracts, or other payments under any provision of this Act, the Mental Retardation Facilities Construction Act, the Community Mental Health Centers Act, the Act of August 5, 1954 (Public Law 568, Eighty-third Congress), or the Act of August 16, 1957 (Public Law 85-151), for any fiscal year beginning after June 30, 1970, shall be available for evaluation (directly, or by grants or contracts) of any program authorized by this Act or any of such other Acts, and, in the case of allotments from any such appropriation, the amount available for allotment shall be reduced accordingly.”

77 Stat. 282.
42 USC 2661
note, 2681 note.
68 Stat. 674;
73 Stat. 267.
42 USC 2001-2004a.
71 Stat. 370.
42 USC 2005-2005f.

Appropriations,
effective dates.

(b) (1) Effective with respect to appropriations for fiscal years beginning after June 30, 1970—

81 Stat. 535.

(A) section 304(d) of the Public Health Service Act (42 U.S.C. 242b) is amended by striking out “; except that for any fiscal year ending after June 30, 1968” and all that follows down to but not including the period;

80 Stat. 1190;
81 Stat. 540.

(B) section 309(c) of such Act (42 U.S.C. 242g) is amended by striking out “(1)”, and by striking out “, and (2)” and all that follows down to but not including the period;

81 Stat. 540.

(C) section 314(d) (1) of such Act (42 U.S.C. 246) is amended by striking out “, except that, for any fiscal year ending after June 30, 1968” and all that follows down to but not including the period;

(D) section 314(e) of such Act (42 U.S.C. 246) is amended by striking out the last sentence;

Repeal.
82 Stat. 788.

(E) section 797 of such Act (42 U.S.C. 295h-6) is repealed; and

82 Stat. 1005.

(F) section 901(a) of such Act (42 U.S.C. 299a) is amended by striking out the last sentence.

Repeal.

(2) Effective with respect to appropriations for fiscal years beginning after June 30, 1970, section 262 of the Community Mental Health Centers Act (42 U.S.C. 2688p) is repealed.

82 Stat. 1010.

TITLE V—MARIHUANA

CONGRESSIONAL FINDINGS

SEC. 501. The Congress finds that the use of marihuana is increasing in the United States, especially among the young people thereof, and that there is need for a better understanding of the health consequences of using marihuana. The Congress further finds that, notwithstanding the various studies carried out, and research engaged in, with respect to the use of marihuana, there is a lack of an authoritative source for obtaining information involving the health consequences of using marihuana.

HEALTH-RESEARCH REPORTS

Reports to
Congress.

SEC. 502. The Secretary of Health, Education, and Welfare, after consultation with the Surgeon General and other appropriate individuals, shall transmit a report to the Congress on or before January 31, 1971, and annually thereafter (1) containing current information on the health consequences of using marihuana, and (2) containing such recommendations for legislative and administrative action as he may deem appropriate. A preliminary report shall be transmitted to the Congress by the Secretary concerning current information on the health consequences of using marihuana not later than ninety (90) days after the date of enactment of this title.

SHORT TITLE

Citation of
title.

SEC. 503. This title may be cited as the “Marihuana and Health Reporting Act”.

TITLE VI—AVAILABILITY OF APPROPRIATIONS

SEC. 601. Notwithstanding any other provision of law, unless enacted after the enactment of this Act expressly in limitation of the provisions of this section, funds appropriated for any fiscal year ending prior to July 1, 1973, to carry out any program for which appropriations are authorized by the Public Health Service Act (Public Law 410, Seventy-eighth Congress, as amended) or the Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963 (Public Law 88-164, as amended) shall remain available for obligation and expenditure until the end of such fiscal year.

58 Stat. 682.
42 USC 201
note.
77 Stat. 282.
42 USC 2661
note.

JOHN W. MCCORMACK

Speaker of the House of Representatives.

JAMES B. ALLEN

Acting President of the Senate pro tempore.

IN THE HOUSE OF REPRESENTATIVES, U.S.,

June 25, 1970.

The House of Representatives having proceeded to reconsider the bill (H. R. 11102) entitled "An Act to amend the Public Health Service Act to revise, extend, and improve the program established by title VI of such Act, and for other purposes", returned by the President of the United States with his objections, to the House of Representatives, in which it originated, it was

Resolved, That the said bill pass, two-thirds of the House of Representatives agreeing to pass the same.

Attest:

W. PAT JENNINGS

Clerk.

I certify that this Act originated in the House of Representatives.

W. PAT JENNINGS

Clerk.

IN THE SENATE OF THE UNITED STATES,

June 30, 1970.

The Senate having proceeded to reconsider the bill (H. R. 11102) entitled "An Act to amend the Public Health Service Act to revise, extend, and improve the program established by title VI of such Act, and for other purposes", returned by the President of the United States with his objections, to the House of Representatives, in which it originated, it was

Resolved, That the said bill pass, two-thirds of the Senators present having voted in the affirmative.

Attest:

FRANCIS R. VALEO

Secretary.